

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

IN RE:

Chapter 9

Case No. 13-53846

City of Detroit, Michigan,

Debtor.

**INTERESTED PARTY DAVID SOLE'S OBJECTION
TO CITY OF DETROIT'S THIRD AMENDED
PLAN OF ADJUSTMENT [DOCKET 4271]**

Now comes Interested Party David Sole and for his Objection to City of Detroit's Third Amended Plan of Adjustment [Docket 4271], states as follows:

1. Interested Party David Sole is a City of Detroit retiree as his wife, Joyce Sole.
2. Interested Party Sole objects to the City of Detroit's claim to recover "overpayments" made to annuities for the years 2003 to the present. These payments were carried out above board, were never challenged by any entity, and contrary to the City of Detroit's Disclosure Statement were not illegal or fraudulent in any manner. There is simply no basis for the claw backs.
3. Interested Party Sole objects to any reductions in accrued pensions owed to City of Detroit active employees or retirees, including elimination of cost of living. The actuarial assumptions associated with the pension funds were not inconsistent with established standards. In addition, public pensions are constitutionally protected against impairment pursuant to the Michigan constitution.
4. Interested Party Sole objects to the creation of a VEBA with inadequate funding to provide proper health benefits to retirees. According to the Plan of Adjustment, the VEBA does not have enough funding to continue health benefits provided as of March 1,

2014, which have already been drastically reduced from prior levels.

5. Interested Party Sole objects to the payment in full of principal owed on Detroit Water and Sewerage bonds for the years 2010-2012. Of the \$1 billion in bonds issued, allegedly for infrastructure repair, over \$500 million was used to terminate interest rate swaps to JP Morgan, Morgan Stanley, UBS, Loop Financial and other entities. The swap termination payments should be deducted from the water and sewerage bond payments, and the City should attempt to recover these questionable amounts as was done with the interest rate swaps associated with the pension obligation certificates.
6. Interested Party Sole objects to the payment in full of consulting fees associated with the Chapter 9 bankruptcy and Emergency Manager. These fees, amounting to over \$120 million for slightly over one year, cannot be justified in any manner and have deprived the City treasury of funds to alleviate Detroit's myriad of problems. Detroiters have only experienced a continued diminution in services, despite employing these consultants who will be leaving the city with their huge payments by the end of the year.
7. Interested Party Sole objects to the complete silence of the Plan of Adjustment with regard to the payment of over \$80 million per year in chargebacks to Wayne County related to property taxes. If the city would proactively insist that the State of Michigan release Helping Hardest Hit Homeowner funds in their possession earmarked for the payment of delinquent property tax bills, the chargebacks could be drastically reduced and thousands of Detroit residents would be able to stay in their homes. The chargebacks are one of the largest items in the City budget.
8. Interested Party Sole objects to the banks not being held responsible for financing blight removal in the City of Detroit, when their mortgage foreclosures based on predatory,

subprime lending practices in the City was largely responsible for the creation of this blight, at least within the last ten year period. Strangely, instead the City is applying approximately \$150 million in federal Helping Hardest Hit Homeowner funds, which are supposed to be used to keep people in their homes, to tearing down homes. Those funds should be used to keep people in their homes and repopulate the City of Detroit, while the banks are made to pay to remove the blight they caused through their lending practices.

9. Interested Party Sole objects to the Plan of Adjustment being silent on the deprivation of state revenue sharing to the City of Detroit, in contravention to state promises made to Detroit and other municipalities in connection with the levy of state sales taxes.

According to Anthony Minghine, associate director of the Michigan Municipal League, this diversion of state sales tax revenues away from the cities cost the City of Detroit \$732,235,683, and approximately \$6.2 million to cities across Michigan since 2002. The City of Detroit should take the lead in reaching out to other municipalities to recover the revenue sharing that was deprived, especially in light of the state's current surpluses, largely derived from that diversion.

10. The Plan of Adjustment is silent on any analysis of property tax abatements, how much these abatements are currently costing the City of Detroit, and whether the terms of these abatements to maintain or grow jobs are being met.
11. The Plan of Adjustment is silent on the diversion of hundreds of millions in public funds to help with the building of a new stadium and entertainment district owned and operated by billionaires
12. Interested Party Sole reserves the right to amend his objections.

Respectfully submitted,

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